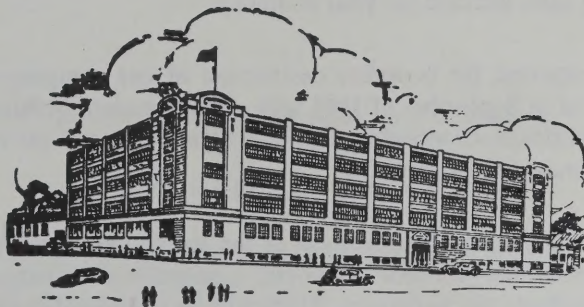


WOOD ALEXANDER LIMITED

HAMILTON — ONTARIO

Annual Report

January 31st, 1969



DIRECTORS

R. B. SUTHERLAND,
President

R. O. BERGHAMER,
Exec. Vice-President and Managing Director

J. I. WHITFORD,
Vice-President, Secretary

G. D. ANDERSON

J. B. CHEYNE

R. W. COOPER

B. F. DAVIDSON

W. R. GAMBS

WOOD ALEXANDER LIMITED

TO OUR SHAREHOLDERS:

We are pleased to report on the completion of another profitable year in the operation of your company. In spite of an extremely competitive retail market, sales were maintained at a volume approximating those of a year ago. The pressure of lower profit margins and higher operating and transportation costs were met by expense reduction in other areas through operating efficiencies.

The final results for the year show a profit which, while slightly lower than that of the prior year, remains substantially higher than achieved during the previous 10-year period.

Year to January 31	Gross Operating Profit	Profit Before Income Tax	Provision for Income Tax	Net Profit
1969	\$1,412,997	\$241,553	\$124,011	\$117,542
1968	1,423,092	250,134	125,635	124,499

Net profits after provision for preferred stock dividends were equal to 66c per common share. After payment of 20c per share common stock dividend, \$71,661 was added to retained earnings.

The Crest chain of franchise stores maintained their progressive activity and have again generated a gratifying sales increase for your company.

Last year we reported the complete destruction of our company-owned Crest store at Blenheim. We reopened in September of 1968 with a new, modern building. Despite the loss of sales during the period this store was closed, annual sales volume of the company-owned group of 5 corporate stores increased 14 percent.

Looking forward, we see a continuation of the severe 1968 cost-price squeeze. This presents a challenge to us for the year that lies ahead. Comprehensive changes in our warehousing and merchandising methods are underway. There will be considerable expense associated with these changes but, when completed our competitive position will be strengthened and continued growth of your company assured.

There are many who deserve recognition as contributors to our profitable operation during the past year. To our employees for their conscientious effort, to our many customers for their loyal support, to our suppliers for their guidance and co-operation, we extend our sincere appreciation.

On behalf of the Board,

R. B. SUTHERLAND,
President.

Hamilton, Ontario,
March 31, 1969.

WOOD ALEXANDER LIMITED

BALANCE SHEET AS AT JANUARY 31, 1969

ASSETS		1969	1968
Current Assets			
Accounts receivable		\$ 991,284	\$ 906,552
Insurance claim receivable.		—	146,389
Inventories — at the lower of cost or net realizable value		1,523,688	1,626,197
Prepaid expenses		1,805	7,494
		<u>2,516,777</u>	<u>2,686,632</u>
Fixed Assets — at cost:			
Land		39,400	39,400
Buildings and equipment		1,233,384	1,206,560
		<u>1,272,784</u>	<u>1,245,960</u>
Accumulated depreciation		574,909	539,079
		<u>697,875</u>	<u>706,881</u>
Other Assets — Sundry		<u>680</u>	<u>4,787</u>
		<u><u>\$3,215,332</u></u>	<u><u>\$3,398,300</u></u>

LIABILITIES			
Current Liabilities			
Bank loan and overdraft		\$ 579,058	\$ 784,889
Accounts payable and accrued liabilities		399,909	336,391
Accrued bond and debenture interest		2,135	2,436
Sales and other taxes payable		3,699	6,050
Income taxes		24,782	54,720
		<u>1,009,583</u>	<u>1,184,486</u>
First Mortgage Sinking Fund Bonds, Authorized \$1,000,000			
Issued — 5% Series "A" due January 1, 1971		750,000	750,000
Redeemed and cancelled		643,500	574,500
		<u>106,500</u>	<u>175,500</u>
General Mortgage Redeemable Debentures Authorized \$1,000,000			
Issued — 5½% Series "A" due January 1, 1976		500,000	500,000
Redeemed and cancelled		131,000	128,000
		<u>369,000</u>	<u>372,000</u>
		<u>475,500</u>	<u>547,500</u>

Note: In accordance with the trust agreement, \$3,549 must be set aside as a sinking fund for the purchase for cancellation of 5% Series "A" Bonds on or before April 1, 1969.

SHAREHOLDER'S EQUITY			
Capital Stock			
Authorized —			
8,851 6% Cumulative sinking fund preference shares of the par value of \$100 each, redeemable at a price not exceeding \$105			
200,000 Common shares without nominal or par value			
Issued and fully paid			
2,851 Preference shares (92 shares redeemed during the year)		285,100	294,300
152,000 Common shares		893,204	893,204
		<u>1,178,304</u>	<u>1,187,504</u>
Discount on Redemption of Preference Shares		<u>12,738</u>	<u>11,264</u>
Retained Earnings		<u>539,207</u>	<u>467,546</u>
		<u>1,730,249</u>	<u>1,666,314</u>
		<u><u>\$3,215,332</u></u>	<u><u>\$3,398,300</u></u>

Signed on Behalf of the Board:
R. O. BERGHAMER, DIRECTOR
J. I. WHITFORD, DIRECTOR

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of WOOD ALEXANDER LIMITED as at January 31, 1969 and the statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at January 31, 1969 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MCDONALD, CURRIE & CO.,
Chartered Accountants.

WOOD ALEXANDER LIMITED

STATEMENT OF RETAINED EARNINGS — FOR THE YEAR ENDED JANUARY 31, 1969

	1969	1968
Balance — Beginning of Year	\$ 467,546	\$ 389,904
Net earnings for the year	117,542	124,499
	<u>585,088</u>	<u>514,403</u>
Discount applicable to bonds and debentures redeemed during the year (net)	1,964	1,471
	<u>587,052</u>	<u>515,874</u>
Dividends — Preference shares	17,445	17,928
— Common shares	30,400	30,400
	<u>47,845</u>	<u>48,328</u>
Balance — End of Year	<u>\$ 539,207</u>	<u>\$ 467,546</u>

STATEMENT OF EARNINGS — FOR THE YEAR ENDED JANUARY 31, 1969

Gross Operating Revenue	\$1,412,997	\$1,423,092
Net Earnings before deducting the following:	<u>364,931</u>	<u>367,000</u>
Depreciation	35,830	31,244
Interest on funded debt	27,891	29,742
Amortization of bond discount	254	438
Directors' and senior officers' remuneration	59,403	55,442
	<u>123,378</u>	<u>116,866</u>
	<u>241,553</u>	<u>250,134</u>
Provision for Taxes on Income	124,011	125,635
Net Earnings for the Year	<u>\$ 117,542</u>	<u>\$ 124,499</u>

STATEMENT OF SOURCE AND USE OF FUNDS — FOR THE YEAR ENDED JANUARY 31, 1969

Source of Funds		
Operations —		
Net earnings for the year	\$ 117,542	\$ 124,499
Charges not requiring outlay of funds:		
Depreciation	35,830	31,244
Amortization of bond discount	254	438
	<u>153,626</u>	<u>156,181</u>
Proceeds on Special refundable tax	1,540	—
Current portion of Special refundable tax	1,797	—
Proceeds on disposal of fixed assets	5	26,743
Proceeds on sale of land	—	6,500
	<u>156,968</u>	<u>189,424</u>
Use of Funds		
5% Special refundable tax	—	565
Purchase of fixed assets	26,829	51,174
Redemption of 5% first mortgage bonds less discount realized	67,100	10,525
Redemption of 5½% Series "A" general mortgage debentures less discount realized	2,420	5,396
Redemption of preference shares less discount realized	7,726	9,830
Dividends — Preference shares	17,445	17,928
— Common shares	30,400	30,400
	<u>151,920</u>	<u>125,818</u>
Increase in Working Capital	<u>5,048</u>	<u>63,606</u>
Working Capital — beginning of year	1,502,146	1,438,540
Increase in working capital	5,048	63,606
Working Capital — end of year	<u>\$1,507,194</u>	<u>\$1,502,146</u>